Angus Salim bin Salleh Amran, FCB, Group Chief Sustainability Officer at RHB Bank Bhd and Vice President of the Financial Markets Association of Malaysia
High Ethical Financial Leadership

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Timor-Leste is Open for Business

Central Bank Governor Helder Lopes shares how Asia's youngest nation is taking its best shot yet at financial deepening

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Are We Still Kicking Away the Ladder?

STRENGTHENING OPERATIONAL RESILIENCE AGAINST THE EVOLVING THREAT LANDSCAPE

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Central Bank Governor Helder Lopes shares how Asia's youngest nation is taking its best shot yet at financial deepening.

In September 2023, following Timor-Leste's parliamentary elections and formation of the current coalition government, Helder Lopes was sworn in by Prime Minister Kay Rala Xanana Gusmão as the nation's second governor of the Central Bank of Timor-Leste or *Banco Central de Timor-Leste* (BCTL). Having spent a majority of his career within the Ministry of Finance, he previously served as the chief economist to the current President of the Republic, José Ramos-Horta, and was elevated from his position as the Vice Minister of Finance to his current office.

A trained economist, Governor Lopes enters the second year of his six-year tenure at the BCTL amidst formidable challenges. From pressing development challenges to unravelling generational issues such as land title reform, the stark realities of central banking in this fledgling nation calls for an unconventional skill set that is a world apart from 'traditional' central banking in more developed economies. It is hands on, gritty, and where the rubber meets the road.

Support from the international community to strengthen institutional capacities in the financial services sector has been strong and steady. In August 2024, the BCTL signed a cooperation agreement with the International Finance Corporation to establish a central bank institute for continuous financial sector skills development in Timor-Leste.

Closer to home, Malaysia, who is the ASEAN Chair for 2025, has been ratcheting up its support for Timor-Leste's accession to the regional bloc. This includes a USD200,000 allocation to the ASEAN Unit under the secretariat in Jakarta to assist in achieving full-member status and training over 300 civil servants under technical cooperation programmes

ARE WE STILL KICKING AWAY THE LADDER?

By Angela SP Yap

A global shake-up is here. Will we seize the opportunity to do things differently?

AI Dominance *and its* Regulation in ASEAN

By Julia Chong

How a region can embrace its differences and rise to the occasion.

In a recent white paper, the World Economic Forum reports that financial services firms spent USD35 billion on artificial intelligence (AI) in 2023. This figure is set to nearly triple to USD97 billion by 2027 with projected investments across banking, insurance, capital markets, and payments businesses. What these numbers do not reflect are the undercurrents that have propelled its development.

The race for domination of AI technology is intrinsically linked to the geopolitics of the day. In late January 2025, DeepSeek – China's low-cost, open-source, locally developed AI platform – came out of nowhere to unseat deeply held assumptions about the US' dominant position in the technology.

Within hours of the launch of DeepSeek's chatbot version R1, traders on Wall Street began panic-selling big technology stocks such as chipmaker Nvidia, wiping USD1 trillion off the tech-heavy Nasdaq Composite Index by the end of the trading day. This marked the biggest single-day loss in the history of the exchange.

In the weeks that followed, Alibaba and ByteDance released their respective AI models on similarly 'cheap and cheery' budgets, efficiently deploying them on websites, mobile apps, chatbots, and other platforms. This more than buoyed the stock market – the Hang Seng Tech Index is up 37.8% year to date with AI stocks leading the charge.

Based in Hangzhou, DeepSeek's founder, Liang Wenfeng, has been hailed as a national hero for giving China its competitive edge over the US. However, it is unlikely that an entrepreneur like Liang "came out of nowhere" (as several news portals described it) to topple the idea of American supremacy in AI.

TECHNOLOGICAL DOMINANCE

For decades, China has been strategically working to seize pole position in AI development. Its aspirations are expressed in *A New Generation Artificial Intelligence Development Plan,* a landmark document issued in 2017 by the State Council which outlines the principles as well as resources that will be dedicated towards achieving this goal by 2030.

China's AI Blueprint on page 19 summarises the key drivers behind the state's development of this technology and some broad-based targets, which will be of use to those who wish to assess for themselves whether China's trajectory has matched its initial plan in 2017 and gauge if the state will achieve its aspirations within the next five years.

According to a feature by *The Banker* in late March, China has recently called on its companies to become "domestic national champions" of DeepSeek, and as many as 20 banks have heeded this call and applied the technology, albeit conservatively.

Other reports, including advertorials, cite AI use cases at some of the republic's top state-owned and joint-stock banks. The Industrial and Commercial Bank of China's AI-based applications included algorithmic

THE ETHICS OF LENDING

By Bob Souster

Our three considerations as bankers: what we offer, the terms on which we lend, and to whom we lend.

Lending is a core activity of all banks. It is the main source of income for most retail banks, whether they offer a full suite of lending products or concentrate on specific market segments. Over time, some banks choose to either broaden or narrow their target markets, depending on their own competences and the prospects and market conditions in each area of business. The lending market is far from a free market as there are barriers to entry and lending activities are quite highly regulated. While all lenders operate within the frameworks set by legislation and regulators, there are several ethical dimensions that all professional bankers need to consider. This article examines just some of them.

THE INFORMATION GAP

The demand for loans is a derived demand. Just as individuals apply for credit cards for the convenience it offers when making transactions, those applying for residential mortgages do so because they want a home to live in. In both cases, they want what the product can provide; they do not actually 'want' a debt. To us as bankers, loans are relatively straightforward. They are contractual in nature and are formed by two parties who consent to the terms agreed. To many borrowers, however, these are more complicated than typical day-to-day transactions. Customer only apply for a credit card or mortgage a few times during their lifetime, or perhaps even just once. They are unlikely to express much interest in the detailed terms, provided the product fulfils the end need.

Over time, bankers have narrowed the information gap by improving the quality of information available to customers. Sometimes this was a consequence of hard lessons learned. For example, some of the ethical deficiencies exposed by the global financial crisis were rooted in poor lending practices which contributed to the demise of some banks and other financial institutions. These included failures among subprime lenders in the USA and the collapse of commercial lenders in some European countries. The reduction in risk appetite that followed the crisis resulted in banks adopting more rigorous 'know your customer' regimes as well as ensuring that products and advice supporting the customer relationship were far more transparent than in the past.

Going forward, the information asymmetry challenges will change. Technology has revolutionised the way in which banks deal with customers. It is likely that fewer applicants for credit will actually meet a human at the start of the customer journey or even during the lifetime of the loan. Technology has been used to support the lending process for over 50 years and each innovation has lessened the need for human interaction. Artificial intelligence (AI) may accelerate

Over time, **BANKERS HAVE NARROWED THE INFORMATION GAP BY IMPROVING THE QUALITY OF INFORMATION AVAILABLE TO CUSTOMERS.** Sometimes this was a consequence of hard lessons learned. For example, some of the ethical deficiencies exposed by the global financial crisis were rooted in poor lending practices which contributed to the demise of some banks and other financial institutions.

CRYPTO RULES

By Kannan Agarwal

Unpacking the mixed bag of regulatory concerns and alternative approaches fuelling crypto supervision.

The race is on as institutional and private investors seek to capitalise on the cryptocurrency craze. One region stands out.

Southeast Asia currently accounts for 60% of global cryptocurrency activity. Market research firm IMARC forecasts a compounded annual growth rate of 8.5% between 2025 and 2033. This growing popularity is based on several unique characteristics of its inhabitants.

Compared to other regional blocs, ASEAN is home to one of the highest internet penetration rates in the world, with a tech-savvy, young population who are quick to adopt digital tools and services. With over 400 million internet users, the average internet penetration rate in each jurisdiction exceeds 73% except in Laos, Myanmar, and Timor-Leste.

The region's cross-border payments for its millions of migrant workers have also contributed to cryptocurrency's rapid adoption. Where inflation runs high, cryptocurrency is used as a store of value and in labour-exporting countries such as the Philippines and Indonesia, bitcoin and stablecoins like tether have become the go-to remittance currency. Crypto exchanges also charge lower transaction fees for global remittances, getting the job done cheaper and faster than banks and their intermediaries.

Such swift growth, however, has come with its fair share of risks and challenges to the current regulatory framework – some new, others more pervasive. The global financial system battles with increased fraud and illicit financing; accounting issues such as inflated balance sheets that could potentially roll back decades of Basel-era reform; incongruent technological and legal frameworks as rules for traditional finance are transposed wholesale to govern digital assets; and increased volatility as well as risks to financial resilience.

STRENGTHENING OPERATIONAL RESILIENCE

Against the Evolving Threat Landscape

By Christophe Barel

THE ANSWER IS A BROAD, MULTI-LAYERED, AND PROACTIVE RISK MANAGEMENT STRATEGY.

Cyberthreats are escalating in both scale and sophistication, and AI-driven attacks, ransomware, and phishing schemes are increasingly successful. There was a 15% year-on-year increase in cyberattacks in Asia Pacific (APAC) in 2024, with organisations in the region experiencing an average of 1,963 attacks per week. The financial sector is the fourth-most commonly targeted by ransomware in APAC.

Threat actors have sophisticated tools, allowing even the less skilled to mount effective attacks, and no financial institution (FI) can thwart 100% of them. For this reason, FIs must focus on building a comprehensive resilience strategy that combines strong digital defences that are reinforced by multiple layers of safety nets. This approach ensures they can maintain business continuity while effectively preparing for, adapting to, and recovering from cyber incidents.

OPERATIONAL RESILIENCE: THE BEDROCK OF FINANCIAL INSTITUTIONS' APPROACH TO CYBER RISK AND THREATS

Given the rapidly changing cyber threat landscape, FIs must adopt a proactive approach to resilience — not just to survive attacks but to ensure long-term stability and trust within the financial ecosystem. During a major cyber incident, it is imperative that FIs maintain operational continuity by swiftly isolating vulnerabilities, enhancing monitoring protocols, and communicating transparently with stakeholders to maintain trust — the bedrock of the financial services sector.

A CAUTIONARY TALE FOR BANKS

By Rachael Johnson

Resilience isn't owned by a single function. It's everyone's business.

Over a year since the Change Healthcare cyberattack in the US, Southeast Asia's banking sector is being served its own wake-up call. The inevitability of cyber breaches is no longer in doubt — it's the preparedness, adaptability, and resilience of financial institutions that are being tested.

Recent attacks on third-party providers in Singapore — including TOPPAN Next, which compromised customer statements at DBS Bank and Bank of China — have underscored just how exposed the region's financial institutions are to vendor-based vulnerabilities. While neither banks' core infrastructure was breached, the Monetary Authority of Singapore (MAS) has reiterated the need for banks to strengthen operational oversight and reinforce controls across their digital supply chains.

According to IBM's 2025 X-Force Threat Intelligence Index, Asia-Pacific was the most attacked region globally in 2024, accounting for 34% of observed incidents. Much of this activity has targeted finance, insurance, and transport infrastructure — industries where legacy systems and fragmented security layers create ideal entry points for attackers. While cybersecurity investment has grown across Southeast Asian markets, many of the core challenges — human error, cross-functional silos, and underdeveloped incident response planning — persist.

ACCA members in countries like Singapore, Malaysia, and Indonesia consistently report that internal fraud risks remain underreported, and in some organisations, are culturally sensitive to raise. "There's still a sense that acknowledging vulnerabilities means admitting failure," noted one ACCA member in Singapore. "And that's dangerous because it delays the very conversations we need to be having."

The recent MAS enforcement action against DBS Bank, following multiple service disruptions, was a notable inflection point: operational resilience is no longer a compliance issue — it is now recognised as material financial and reputational risks. Additional capital buffers imposed by the regulator highlight that risk lapses now carry direct consequences.

Meanwhile, banks across the region are also facing internal strain. "We're seeing teams burn out trying to interpret evolving regulatory expectations while also modernising their systems," said another ACCA member in Kuala Lumpur. "There's a limit to how much reactive effort can be sustained without leadership driving more integrated risk planning."

It's here that accountancy and finance professionals have a unique role to play. As stewards of internal control, budget scrutiny, and performance data,

How Can Banks Close the Feedback Loop?

By Chartered Banker Institute

How can banks scale the regulatory hurdles to meet customer expectations and manage criticism online, all in a timely manner, while contending with their digitally native competitors?

Banks can no longer ignore the social media noise that typifies the matter-of-fact way new generations of customers communicate with brands. Younger audiences especially have increasingly more spending ability that has supercharged both their activity and interactions with banks online.

"As Generation Z comes into working age, we are seeing the first fully digitally native group emerge as critics of the brands they buy from. They resort to online first when they need to speak to someone," explains Juliette Aiken, Chief Marketing Officer, Dotdigital.

Helping brands engage online is an area of expertise for Dotdigital, a cross-channel marketing automation platform that enables marketers to connect with their customers. "As it becomes easier and more natural for customers to complain online, the banking and financial services (FS) sector must be ready to respond," she continues.

Non-financial Misconduct: Let's Talk About It

By Dr Amanda Salter

A slate of moves signal how authorities are bent on transforming banking culture.

Tackling non-financial misconduct is neither plain nor simple.

Used to describe inappropriate behaviour within a financial services firm which does not directly relate to its financial business activities, regulators are making it clear that non-financial misconduct is frowned upon and firms have an obligation to eradicate it. This includes bullying, harassment, discrimination, and other inappropriate behaviour that is detrimental to workplace culture and could harm stakeholders.

CULTURE CHANGE

Why is non-financial misconduct an issue for banks whose core functions are financial in nature?

Increasingly, financial regulators are of the view that the lack of integrity is an indicator of poor firm-wide culture. Numerous studies support this assertion that a toxic culture is directly correlated to increased risks of poor decision-making and/or breach of regulatory standards.

In September 2023, the UK Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) jointly issued their *Consultation Paper CP23/20: Diversity and Inclusion in the Financial Sector – Working Together to Drive Change,* which set a direction of travel. The standard setters state their position clearly: "When misconduct such as discrimination also passes unchecked, this can create work environments that are permissive towards further wrongdoing, and in which harm to customers and markets is more likely to occur.

"Additionally, we consider certain

HIGH ETHICAL FINANCIAL LEADERSHIP

By the Banking Insight Reporting Team

What it takes to instil public trust in the financial system.

In this exclusive interview with *Banking Insight*, **Angus Salim bin Salleh Amran, FCB, Group Chief Sustainability Officer at RHB Bank Bhd and Vice President of the Financial Markets Association of Malaysia**, shares his thoughts about the trajectory that has taken him towards the pinnacle of banking and the values that will drive the sector towards sustainable socioeconomic prosperity.

Q With over three decades in banking and a career that spans treasury, FX, and senior management, you've recently transitioned into a new and exciting role at RHB Bank. What is your mandate and priorities as Group Chief Sustainability Officer?

My mandate as the Group Chief Sustainability Officer is to ensure that environmental, social, and governance (ESG) considerations are integrated throughout RHB Banking Group's (Group's) business, operations, and value chain, and our relationship managers are equipped with the capacities to guide our customers through their transition pathways towards net zero.

I fulfil a key leadership role to enhance the Group's ability to drive sustainable growth and deliver greater value for our stakeholders by establishing group sustainability as a centre of excellence in ideation and innovation of products and solutions; adhering to the highest governance standards towards supporting climate resilience and sustainable socioeconomic activities, in alignment with the Group's sustainability objectives.

Angus Salim bin Salleh Amran, FCB, Group Chief Sustainability Officer at RHB Bank Bhd and Vice President of the Financial Markets Association of Malaysia

Q Sustainable banking in a region as diverse as ASEAN poses unique challenges as member nations are at different stages of their sustainability journey. How would this impact the assessment of portfolios at regional banks and how should they equip themselves for this?

At RHB, we advocate just and measured transitions. We recognise

FINANCIAL CRIME IN MALAYSIA: ARE WE WINNING THE FIGHT?

By Tookitaki and ChatGPT

Building a future-ready compliance ecosystem that safeguards trust in the financial system.

Financial crime in Malaysia isn't just a persistent issue — it's an escalating threat that continues to adapt and expand alongside the country's digital transformation. From syndicate-led scams to the misuse of financial infrastructure for laundering illicit proceeds, the stakes are rising rapidly. In 2024, Malaysia recorded an estimated RM54 billion in scam-related losses, a figure equivalent to around 3% of national GDP.

Yet, the real question isn't how much we're losing, but whether we're gaining any ground in the fight.

THE RISE OF MONEY MULE NETWORKS

Among the most troubling developments is the rapid evolution of money mule networks — criminal structures that recruit or exploit individuals to transfer or receive illicit funds. Once a peripheral concern, mule networks are now core to the operational playbook of financial criminals. These mules are often recruited through job scams, social media ads, or romantic deception. Many don't even realise they are participating in illegal activity.

Take a scenario involving love scams or job fraud: Victims are manipulated into sending money for fictitious emergencies or employment processing fees. The funds are routed through mule accounts — frequently held by students, gig workers, or the unemployed. Transactions move rapidly, with high velocity, irregular patterns, and sometimes across borders, making it nearly impossible to trace the origins of the funds in real time.

FORGED RECORDS, FAKE TRANSACTIONS

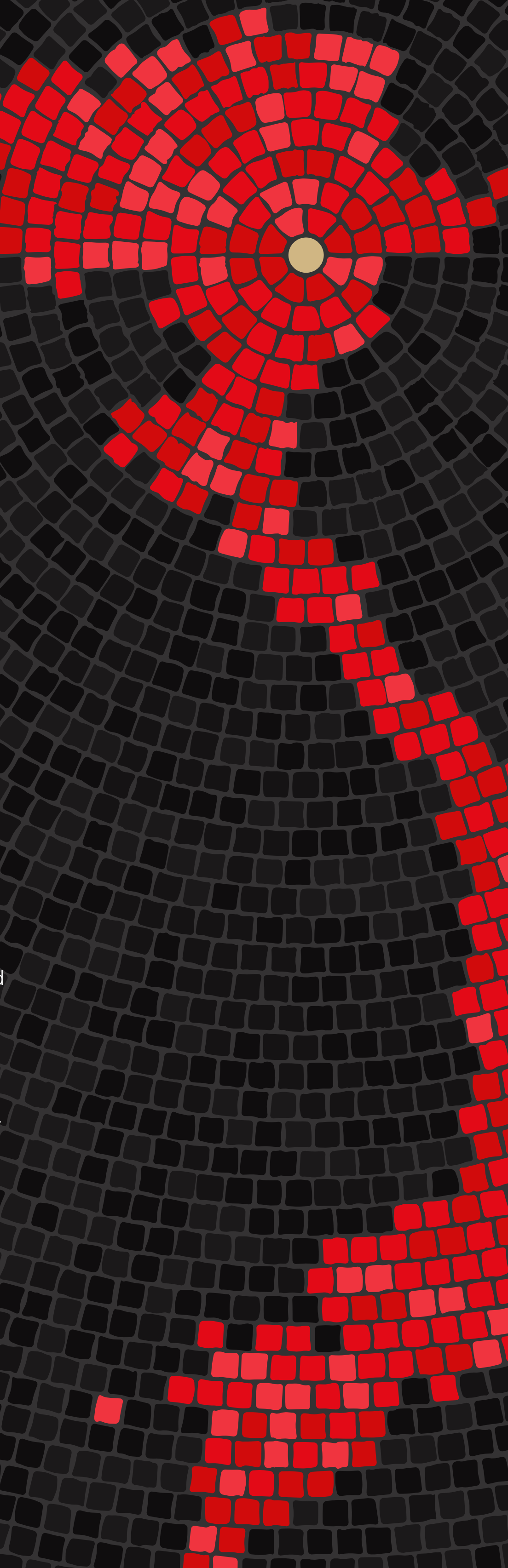
Another scenario emerging in Malaysia involves laundering through

This article was created with ChatGPT, based on Tookitaki's source material, and edited by Rae Guinto. Readers are encouraged to verify important information.

VIETNAM: FULL OF FAR EASTERN PROMISE

By Chartered Banker Institute

A MIX OF PERFORMANCE POSITIVES AND NEGATIVES IS DRIVING A SURGE IN MERGERS AND ACQUISITIONS ACTIVITY ACROSS VIETNAM'S BANKING SECTOR.



Analysing industry is not a black-and-white task. Despite record deposits growth in 2023, a subsequent first downturn in two years – combined with a number of weak credit institutions, slow credit growth and rising non-performing loans – means the sector faces plenty of challenges as well as opportunities.

In 2023, Vietnamese bank deposits surged – topping USD560 billion for the first time and delivering a 14% uplift on the previous year. That also marked the fastest growth in the Vietnamese banking industry's history – driven by strong consumer confidence in the growing stability and security of the nation's banks.

But the mix of weak banks and a growing economy, and pressure on financial institutions to sustain deposit growth amid a relative downturn in the early part of 2024, has seen many local businesses struggle and some placed under special measures.

The result of all of this is a surge in mergers and acquisitions (M&A) activity as stronger market players look to snap up weaker rivals and wealthy foreign investors attempt to tap the country's favourable demographics.

AI and Critical Thinking: Enhancing Problem-solving Skills in the Age of Machines

By Derek Ariss

The future of banking is smarter, more ethical, and more human.

Artificial intelligence (AI) is a rapidly evolving field that, for many individuals, can seem complex and intimidating. However, as more people interact with AI tools in their daily lives through voice assistants, personalised recommendations, or automated services, it is clear that AI is a useful tool that professionals across industries, especially those in banking, can leverage to enhance their cognitive abilities, improve decision-making, and solve problems more efficiently.

By understanding AI's potential and limitations, bankers can use it to analyse data, identify biases, simulate scenarios, and overcome cognitive fatigue - ultimately making better, faster, and more informed decisions.

UNDERSTANDING AI'S ROLE IN CRITICAL THINKING

Critical thinking involves evaluating information, identifying patterns, making informed judgements, and considering different perspectives before reaching conclusions. It also means challenging assumptions, analysing evidence, and being open to new ideas. The World Economic Forum's *The Future of Jobs Report 2023* highlights AI as a top skill-shaping force and underscores critical thinking as a key future skill.

In a world flooded with data and increasingly complex systems, the human brain often struggles to process and make sense of it all. In this regard, AI is invaluable because AI systems can process massive volumes of data, thus uncovering trends and relationships that may not

FROM INSIGHT TO IMPACT: THE STRATEGIC IMPERATIVE FOR AI IN MALAYSIAN FINANCIAL SERVICES

By Sash Mukherjee

Integrating AI and tapping into external innovation are no longer optional, but strategic imperatives.

Think about the sheer volume of information flowing through Malaysia's financial system today. Every DuitNow QR payment, every e-Know Your Customer onboarding, every credit card swipe and foreign exchange transfer tells a story. With Bank Negara Malaysia (BNM) pushing the agenda on digital banking, financial inclusion, and Open Banking, the sector is sitting on a goldmine of insights. This isn't just about collecting data. It's about turning that data into strategic advantage in an increasingly competitive, customer-driven landscape.

With five digital bank licences issued and BNM's Financial Sector Blueprint 2022–2026 outlining bold reforms, Malaysia is entering a new phase of financial innovation, driven by data and accelerated by artificial intelligence (AI).

DATA IN ACTION: MALAYSIAN BANKS ALREADY SHOWING THE WAY

Malaysian banks are ramping up their tech investments, following the lead of regional peers, but with clear priorities in sight. They aim to build loyalty, boost efficiency, and position themselves for long-term growth. The shift is already underway, with banks leveraging data intelligence to deliver hyper-personalised, intuitive digital experiences – think pre-approved financing, targeted investment nudges, and contextual app recommendations that anticipate customer needs rather than just react to them.

At the same time, technology is strengthening compliance and fraud detection frameworks. AI models are

Figure 1 Banking Priorities Driving Tech Transformation
Source: Ecosystm.

AMPLIFY ACCESS TO TRANSITION FINANCE

By Kannan Agarwal

MIXED SIGNALS ON THE GLOBAL CLIMATE FINANCING FRONT. WE NEED TO INTENSIFY THE RIGHT PERSPECTIVES.

As the term 'transition finance' takes centre stage as one of the pillars towards achieving net zero, it is important that there be alignment in our understanding of this term.

One of the main critiques in the past was the absence of a unified definition from standard setters about transition finance – what it is, what it is not, what it should be. Some saw this as another greenwashing endeavour, cobbled together to continue funding to brown industries like fossil fuels. Others lacked clarity on how it could be practically implemented to bridge the financing gap and bring economies in line with the timeline of the 2015 Paris Agreement.

A transition finance plan is a time-bound implementation strategy provided by companies detailing operational, governance, financial, and non-financial shifts in their business that will meet sustainability goals, especially low-emission targets.

As critical as it is, the world is still some way from a common approach on corporate transition plans and how financial institutions should be assessing them for funding. Here is a quick recap to illustrate the global divergence based on major economic blocs: